

BIFFA Plc (the "Company")

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. CONSTITUTION

The Committee has been established by resolution of the board of directors of the Company (the "Board") and is to be known as the Remuneration Committee.

2. MEMBERSHIP

- 2.1 The members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of at least three members, all of whom are independent non-executive directors. The chairman of the Company may also be a member of the Committee provided the Board considers him to have been independent at the time of his appointment as Chairman.
- 2.2 The Board shall appoint a chairman of the Remuneration Committee (the "Chairman"). The Chairman shall be an independent non-executive director and shall not be the chairman of the Company.
- 2.3 The Board shall regularly review the membership of the Remuneration Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Remuneration Committee and other Board committees.
- 2.4 The Remuneration Committee may invite the chairman and the chief executive of the Company or any other person to advise and/or to join meetings of the Remuneration Committee when required notwithstanding that they are not members of the Remuneration Committee.
- 2.5 If executive directors or senior management are involved in advising or supporting the Remuneration Committee, that role should be clearly separated from their role within the business.

3. QUORUM

A quorum shall be two members. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

4. ATTENDANCE AT MEETINGS

- 4.1 No one other than the Remuneration Committee Chairman and members is entitled to attend or vote at a meeting of the Remuneration Committee.

4.2 The chairman of the Company, chief executive, Human Resources director and any other executive or member of senior management may be called upon or shall be able to speak at any meeting of the Remuneration Committee by prior arrangement with the Chairman.

4.3 No director or senior executive shall be involved in any decisions as to his or her own remuneration.

5. SECRETARY

5.1 The Company Secretary shall act as the secretary of the Remuneration Committee and shall keep a record of:

5.1.1 the membership of and the dates of any changes to the membership of the Remuneration Committee;

5.1.2 any person or firm who provides advice or services to the Remuneration Committee or materially assists the Remuneration Committee on matters relating to directors' remuneration. If such person or firm is not a director, the Secretary shall keep a record of the nature of any other services provided by that person to the Company during the year.

6. FREQUENCY OF MEETINGS

Meetings shall normally be held at such times as the Committee deems appropriate and in any event shall be held not less than twice a year.

7. PROCEEDINGS

7.1 Unless varied by these terms of reference, meetings and proceedings of the Remuneration Committee will be governed by those of the Company's Articles of Association concerning meetings and proceedings of directors.

7.2 Meetings of the Remuneration Committee shall be summoned by the Secretary of the Remuneration Committee at the request of any member thereof.

7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Remuneration Committee and any other person required to attend not later than 48 hours prior to the date of the meeting.

7.4 The Secretary of the Remuneration Committee shall record the proceedings and resolutions of the meetings of the Remuneration Committee and shall circulate the minutes of such meetings to all members of the Remuneration Committee and, upon request, to all members of the Board.

8. AUTHORITY

- 8.1 The Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any requests made by the Remuneration Committee.
- 8.2 The Remuneration Committee is authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings of the Remuneration Committee if it considers this necessary.
- 8.3 The Remuneration Committee is authorised by the Board to appoint external consultants at the Company's expense in respect of executive directors' remuneration and to set their terms of reference.
- 8.4 These terms of reference may be amended from time to time as required, subject to approval by the Board.

9. DUTIES

The Remuneration Committee shall be responsible for all elements of the remuneration of the executive directors and the chairman of the company, including pension rights and compensation (i.e. damages) payments, and should monitor the level and structure of remuneration for the senior management of the group. The senior management for this purpose shall mean the Executive Committee and shall include the company secretary. The duties of the Remuneration Committee shall be:

- 9.1 to determine and agree with the Board the framework and broad policy for the remuneration (including benefits, pension arrangements and termination payments), of the chairman, chief executive and executive directors of the Company and the senior management;
- 9.2 to determine and agree with the Board the Company's policy on the duration of contracts with executive directors, and notice periods and termination payments under such contracts, with a view to ensuring that any termination payments are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 9.3 within the terms of the agreed framework and broad policy, to determine the total individual remuneration package of each executive director, including, where appropriate, bonuses, incentive payments, share options and pension arrangements;
- 9.4 having regard to Schedule A of the Combined Code, to advise on and determine all formulae for performance-related schemes operated by the Company, the methods for assessing whether performance conditions are

met and the eligibility of executive directors for annual bonuses and benefits under long term incentive schemes;

- 9.5 when appropriate, requesting the Board to seek shareholder approval of all new long term incentive schemes save in the circumstances permitted by the Listing Rules;
- 9.6 to review and recommend to the Board, the remuneration of the Company Secretary;
- 9.7 to liaise with the Nomination Committee to ensure that the remuneration of newly-appointed executive directors and senior management is within the Company's overall policy;
- 9.8 to consider and make recommendations in respect of any other terms of the service contracts of the executives and any proposed changes to these contracts, and to review the company's standard form contract for executive directors from time to time;
- 9.9 to administer all aspects of any share option scheme operated by or to be established by the Company, (subject always to the rules of that scheme and any applicable legal and regulatory requirements) including but not limited to:
 - (A) the selection of those eligible directors and employees of the Company and its subsidiary companies to whom options should be granted;
 - (B) the timing of any grant of options;
 - (C) the numbers of shares over which options are to be granted;
 - (D) the exercise price at which options are to be granted;
 - (E) the imposition of any objective condition which must be complied with before any option may be exercised;
- 9.10 to consider any other matters relating to the remuneration of or terms of employment applicable to the executive directors, chairman and senior management and referred to the Remuneration Committee by the Board;
- 9.11 to be aware of and advise on any major changes in employee benefit structures throughout the group;
- 9.12 to have regard, in the performance of the duties set out in this clause, to the Combined Code, the Listing Rules and to any published guidelines or recommendations regarding the remuneration of directors of listed companies and the formation and operation of share option schemes (in particular the guidelines published by the Association of British Insurers and National Association of Pension Funds) which the Remuneration Committee considers relevant or appropriate;

- 9.13 to establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants that the committee deems it necessary to receive advice from;
- 9.14 in conjunction with the Board, to draft the annual directors' remuneration report, having regard to the provisions of LR 9.8.6 R (7), LR 9.8.8, the Combined Code and Schedule 7A of the Companies Act 1985;
- 9.15 to ensure that the items that should be published in the Company's Annual Report relating to the activities of the Remuneration Committee, are included in that report;
- 9.16 to agree the policy for authorising claims for expenses of the chief executive and the chairman of the Company; and
- 9.17 to review and, where necessary, update these terms of reference (subject to the approval of the Board) and make them publicly available.

10. EXCLUSIONS

- 10.1 The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executives. The Remuneration Committee does not have responsibilities for nominations to the Board.
- 10.2 The remuneration of non-executive directors shall be a matter for the executive members of the Board (subject to the Articles of Association of the Company). The Board may, however, delegate this responsibility to a smaller sub-committee of executive directors, which may include the chief executive.

11. ANNUAL GENERAL MEETING

The Chairman shall be available at the Annual General Meeting to answer questions arising from the directors' remuneration report and generally on remuneration principles and practice and the activities of the Remuneration Committee. He or she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.